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China CBM Group Company Limited

中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8270)

(1) PROPOSED SHARE CONSOLIDATION; AND (2) PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation pursuant to which every eight (8) Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.08 each in the share capital of the Company.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the SGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 40,000 Existing Shares. The Board also proposes to change the board lot size for trading on the Stock Exchange from 40,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, further details of the Share Consolidation and a notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 14 October 2022.

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions set out in this announcement. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

(1) PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every eight (8) Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.08 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the SGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of Bermuda (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

As at the date of this announcement, none of the conditions above had been fulfilled. The Share Consolidation will become effective when the conditions mentioned above are fulfilled.

Subject to the fulfilment of the above conditions, the Share Consolidation will become effective on Friday, 4 November 2022, which is the second Business Day immediately after the date of the SGM.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company was HK\$200,000,000 divided into 20,000,000,000 Shares of par value of HK\$0.01 each, of which 2,078,000,248 Shares have been issued as fully paid or credited as fully paid. Assuming that no further Shares are allotted, issued or repurchased between the date of this announcement and the date of the SGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$200,000,000 divided into 2,500,000,000 Consolidated Shares of par value of HK\$0.08 each, of which 259,750,031 Consolidated Shares will be in issue.

As at the date of this announcement, there were outstanding share options entitling the holders thereof to subscribe for up to an aggregate of 15,000,000 Existing Shares under the share option scheme adopted by the Company on 28 March 2022. The Company will make further announcement(s) as and when appropriate on any adjustments to be made as a result of the Share Consolidation to the exercise price and the aggregate number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the above outstanding share options.

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Bye-laws. Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated, sold and retained for the benefit of the Company.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the proportionate interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

(2) PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares were traded on the Stock Exchange in board lots of 40,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange to 10,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.042 per Existing Share (equivalent to the theoretical closing price of HK\$0.336 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the date of this announcement, (i) the value of each board lot of 40,000 Existing Shares is HK\$1,680; and (ii) the value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,360.

Reasons for the Share Consolidation and the Change in Board Lot Size

The closing price per Existing Share as quoted on the daily quotation sheet of the Stock Exchange as at the date of this announcement was HK\$0.042. Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange may require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The Stock Exchange reminded the Company in its listing approval dated 30 March 2022 on adoption of new share option scheme that it will not consider approving listing on future fund raising of the Company if the share price of the Company is close to the extremity of HK\$0.01. In this regard, should the Company decide to conduct any equity fund raising in the future and the share price continues trading below HK\$0.1, the Company may need to carry out corporate actions including but not limited to share consolidation, which will enable the Company to comply with the aforesaid trading requirements of the GEM Listing Rules.

Having considered the guidance from the Stock Exchange as mentioned above and that the Shares had been traded at below HK\$0.10 at certain time in the past 12 months (based on the closing prices per Share as quoted on the Stock Exchange), the Board considers it is appropriate to conduct the Share Consolidation.

In addition, the Board considers that the Share Consolidation would increase the nominal value of the Shares, and bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange, thus maintaining the trading amount for each board lot at a reasonable level in order to attract more investors and to broaden the shareholder base of the Company. It is also hoped that the Share Consolidation and the change in Board Lot Size will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising in the future.

Furthermore, the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction costs for each securities trade.

Save for the necessary professional expenses for the implementation of the Share Consolidation and the change in Board Lot Size, the implementation of the Share Consolidation and the change in Board Lot Size will not alter the underlying assets, business operation, management or financial position of the Company and the proportionate interests and rights of the Shareholders.

The Board considers that the Share Consolidation and the change in Board Lot Size is essential to achieve the above-mentioned purpose. Taking into account of the potential benefits and the insignificant amount of costs to be incurred, the Board is of the view that the Share Consolidation and the Change in Board Lot Size and the transactions contemplated thereunder are in the best interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company is in the course of negotiating with a potential seller for a proposed acquisition which may involve issue of new securities of the Company for the settlement of consideration. Save as disclosed, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any other plan, arrangement, understanding, intention, negotiation (either concluded or in process) on any fund raising activities or precise investment opportunities and has no other immediate plan for issue of new Shares. However, the Board cannot rule out the possibility that the Company will conduct equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, which is currently expected to be on Friday, 4 November 2022, being the second Business Day immediately after the date of the SGM, the Shareholders may, during the period from Friday, 4 November 2022 to Monday, 12 December 2022 (both days inclusive), submit their existing share certificates for the Existing Shares to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, during business hours to exchange for new share certificates for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for Consolidated Shares, whichever the number of certificates cancelled or issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 8 December 2022 and thereafter will not be accepted for delivery, trading, settlement and registration purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of eight (8) Shares for one (1) Consolidated Share.

The new share certificates for the Consolidated Shares will be issued in the colour of yellow in order to distinguish them from the share certificates for the existing Shares which are in the colour of red.

Application for listing of the Consolidated Shares

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation become effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC upon the Share Consolidation becoming effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

The Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other in accordance with the Bye-laws as to all future dividends and distributions which are to be declared, made or paid.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation and Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

EXPECTED TIMETABLE

The expected timetable for the proposed Share Consolidation and the proposed Change in Board Lot Size is set out below:

<i>Event</i>	<i>2022 (Hong Kong time and date)</i>
Despatch of Company's circular with notice and proxy form of the SGM	On or before Friday, 14 October 2022
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM.	4:30 p.m. on Thursday, 27 October 2022
Closure of the register of members of the Company to determine the entitlement to attend and vote at the SGM (both days inclusive)	Friday, 28 October 2022 to Wednesday, 2 November 2022 (both days inclusive)
Latest date and time for lodging the proxy forms for the SGM	9:30 a.m. on Monday, 31 October 2022
Expected date and time of the SGM	9:30 a.m. on Wednesday, 2 November 2022
Publication of announcement of poll results of SGM.	Wednesday, 2 November 2022
The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size and therefore the dates are tentative:	
Expected effective date of the Share Consolidation	Friday, 4 November 2022
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	Friday, 4 November 2022
Dealing in the Consolidated Shares commences	9:00 a.m. on Friday, 4 November 2022
Original counter for trading in the Existing Shares in board lots of 40,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 4 November 2022

Temporary counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) opens 9:00 a.m. on Friday, 4 November 2022

Original counter for trading in Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens. 9:00 a.m. on Friday, 18 November 2022

Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences. 9:00 a.m. on Friday, 18 November 2022

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares 9:00 a.m. on Friday, 18 November 2022

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares 4:00 p.m. on Thursday, 8 December 2022

Temporary counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) closes 4:10 p.m. on Thursday, 8 December 2022

Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and the existing share certificates) ends 4:10 p.m. on Thursday, 8 December 2022

Latest date and time for free exchange of existing share certificates for the new share certificates of the Consolidated Shares 4:30 p.m. on Monday, 12 December 2022

The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

GENERAL

A circular containing, among other things, further details of the Share Consolidation and a notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 14 October 2022.

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to satisfaction of certain conditions precedent and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, they may or may not be completed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associate(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 40,000 Existing Shares to 10,000 Consolidated Shares

“Company”	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.08 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if though fit, approving the Share Consolidation
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every eight (8) Existing Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.08 each
“Shareholder(s)”	holder(s) of the Share(s)

“Share Options”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* For identification purposes only

By order of the Board
China CBM Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 29 September 2022

As at the date of this announcement, the executive Directors are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive Directors are Mr. Duan Shi Chuan, Mr. Wang Chen and Mr. Liang Feng and the independent non-executive Directors are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.